

A NOTE TO ALL APPLICANTS

Section 46.2-1575 of the *Code of Virginia* lists specific circumstances under which a license for a motor vehicle dealer salesperson or dealer-operator license may be denied. Specifically, your application for a license may be denied for having been convicted of any of the following offenses:

- Any criminal offense classified as a felony.
- Any criminal act involving the business of selling vehicles.
- Any fraudulent act in connection with the business of selling vehicles or any consumer-related fraud.
- Larceny of a vehicle or receipt or sale of a stolen vehicle
- Odometer tampering or any related violation

Each application will be reviewed carefully and consideration will be given to all relevant information. If you have been convicted of any of the listed offenses, you are advised to submit with your application documentation and/or written explanation or statement concerning the convictions. You should include attested copies of your convictions and if you have been released from probation/parole, evidence of this fact.

A criminal history background check will be preformed on every applicant for a license. Making a material misstatement on the application is also grounds for denial. If you have ever been convicted of any of the offenses listed above you must indicate so on your application.

DEALER/SALESPERSONS TEST

STATE STATUTES

1. What is the penalty for violating the disclosure provisions of the Virginia Dealer Licensing Act's "As Is" law?
 - A. A \$1,000 fine.
 - B. The customer may return the vehicle.
 - C. A 10 day suspension of the dealer's license.
 - D. Both A and B above.

A dealer or salesperson violating the Virginia Dealer Licensing Act may receive a \$1,000 fine and the customer may return the vehicle.

2. Vehicles can be sold in Virginia "As Is" if
 - A. A Buyers Guide is completely filled out, signed, and dated by the buyer.
 - B. The dealer provides the buyer, prior to the sale, a separate written disclosure as to the effect of an "As Is" sale.
 - C. A disclosure is printed on the front of the buyers order.
 - D. All of the above.

When a vehicle is sold in Virginia by a licensed dealer or salesperson, a buyers guide must be completed, the buyer must receive a written disclosure statement prior to the sale and the buyer's order must have a disclosure printed on the front.

3. A vehicle must be inspected

- A. Between the time it comes into a dealer's inventory and the time it is sold at retail.
- B. Unless it has a current inspection sticker.
- C. Unless it has more than six months remaining on the current inspection.
- D. None of the above.

Dealers are required to inspect every vehicle that is in their inventory for retail.

4. If a vehicle does not pass inspection

- A. The dealer cannot deliver the vehicle to a retail customer.
- B. The dealer may bring it into compliance.
- C. The dealer may deliver the vehicle with a valid rejection sticker and a written disclosure, which may be in the form of an official inspection receipt.
- D. Either B or C above.

In this situation the dealer has two choices, the vehicle may be repaired so that it will pass inspection or a rejection sticker may be placed on the vehicle and the purchaser must receive a written disclosure, prior to the sale, which shows the reasons why the vehicle did not pass the inspection.

5. A dealer licensed as a franchise or independent dealer may buy and sell motorcycles, trailers and motor homes if they have the proper

- A. Endorsement issued by the Board.
- B. License issued by DMV.
- C. \$25,000 bond.
- D. None of the above.

A motor vehicle dealer may also sell motorcycles, trailers and motor homes if they are also licensed by DMV.

6. A second set of temporary tags may be issued to a customer if

- A. The title is not available at the end of the first 30-day period.
- B. All paper work is submitted to DMV along with an explanation as to why a second set needs to be issued.
- C. All required fees are submitted to the Department of Motor Vehicles.
- D. All of the above.

A dealer may issue a second set of temporary tags, if he/she does not have the title within the first 30 days. The dealer must explain in writing why the second set should be issued and provide DMV with the title fee, sales and use tax and the licensing fee.

7. When issuing temporary license plates, the dealer

- A. May only charge the customer double the cost of the plates to the dealer.
- B. May not charge the customer a fee for the plates.
- C. May not charge the customer more than the fee charged the dealer for the plates.

Customers do not pay more for the temporary license plate than what the dealer paid.

8. Temporary transport plates may be issued for no more than

- A. 5 days.
- B. 30 days.
- C. 10 days.

Temporary transport plates are valid for 5 days.

9. Temporary transport plates may be used to

- A. Transport parts to customers.
- B. Transport vehicles from auctions or other points of purchase or sale.
- C. Transport customers from the dealership to their desired destination.
- D. All of the above.

Dealers may use temporary transport plates on vehicles that are being transported from auctions and they may also be used on vehicles a dealer buys or sells.

10. A salesperson's "certificate of qualification"

- A. Is issued by the dealer after the person has completed the prescribed apprenticeship.
- B. Allows a person to sell motor vehicles.
- C. Must be obtained before applying for a salesperson's license.

An individual, who wants to become a salesperson, must take a certificate of qualification test and pass it prior to making application for a salesperson's license.

11. Penalties for violating provisions of the statutes pertaining to motor vehicle salespersons include

- A. A fine of not more than \$1,000 per violation.
- B. Suspension of the license.
- C. Revocation of the license.
- D. All of the above.

A salesperson who violates any of the statutes under which he/she is licensed could have the license revoked, suspended or face a \$1,000 fine for each violation.

12. A new motor vehicle is defined in part as one which

- A. Has not been previously sold and titled to a retail customer.
- B. Is transferred by a certificate of origin.
- C. Has a manufacturer's certification that it conforms to federal safety and emission standards.
- D. All of the above.

New motor vehicles can be identified as having the necessary certification that it passes safety and emission standards, can be transferred by certificate of origin and has not been sold and titled.

13. Any person who is licensed in another state of the United States as a motor vehicle dealer may sell vehicles at wholesale auctions in Virginia only after obtaining a
- A. Temporary dealership license.
 - B. Certificate of registration.
 - C. Certificate of qualification.
 - D. None of the above.

Dealers from other states may participate at wholesale auctions in Virginia if they have a certificate of registration.

14. Which of the following must be licensed to engage in business in Virginia
- A. Motor Vehicle Dealer.
 - B. Motor Vehicle Distributor or Manufacturer.
 - C. Motor Vehicle Salesperson.
 - D. All of the above.

A dealer, distributor, manufacturer or salesperson must be licensed.

15. Which of the statements below pertaining to a salesperson's license is correct
- A. No salesperson shall be employed by more than one dealer, unless the dealerships are owned by the same person, partnership or corporation.
 - B. Each dealership must post a list of the salespersons that work there.
 - C. Salespersons must carry their license at all times and show it when asked.
 - D. All of the above.

All dealerships are required to have a list of salespersons posted. If questioned, a salesperson's must be able to produce their license at any time. They may also have multi-licenses if they are employed by dealerships owned by the same person, partnership or corporation.

16. Temporary certificates of ownership issued by dealers must contain
- A. Date of issuance.
 - B. Name and address of purchaser.
 - C. The temporary plate number and vehicle identification number.
 - D. All of the above.

Dealers must complete a temporary certificate of ownership to include, the date the certificate was issued, the customer's name and address, and the vehicle identification and plate number.

17. If you do not renew your salesperson's license by the expiration date
- A. You must retake the test.
 - B. You can continue to operate for 30 days.
 - C. You can not operate until a new license is obtained.
 - D. You can operate under a managers direct supervision while awaiting the renewal license.

If a salesperson's license expires, he/she cannot continue buying or selling vehicles until they receive a new license.

18. If a salesperson is found guilty of violating one or more of the provisions of the Virginia Dealer Laws, the Motor Vehicle Dealer Board may after following the prescribed procedures
- A. Assess a civil penalty on the salesperson of up to \$1,000 per violation.
 - B. Refuse to renew the salesperson's license.
 - C. Revoke/Suspend the salesperson's license.
 - D. Any of the above.

A salesperson who violates any of the provisions under which he/she is licensed may have the license revoked or suspended, the Motor Vehicle Dealer Board could refuse to issue a renewal license, and could be assessed a civil penalty of up to \$1,000.

19. If a customer wishes to demonstrate a vehicle in the inventory of the dealer
- A. The salesperson must accompany the customer.
 - B. If not accompanied by the salesperson; a form must be completed and carried by the respective purchaser during the test drive.
 - C. The demonstration is limited to one hour.
 - D. A or B of the above.

Customers may test drive a vehicle with the salesperson present or they may obtain a form to place in the vehicle while demonstrating the vehicle alone.

20. The Motor Vehicle Transaction Recovery Fund
- A. Is funded only by dealers.
 - B. Is funded by dealers and salespersons.
 - C. Is funded by the dealer's processing fee.
 - D. Is funded by an additional fee paid by the customer.

All licensed dealers and salespersons pay into the Motor Vehicle Transaction Recovery Fund.

21. The purpose of the Motor Vehicle Transaction Recovery Fund
- A. Is to cover revenue shortfalls within the Department of Motor Vehicles for title transactions.
 - B. Is to provide a retirement fund for salespersons.
 - C. Is to satisfy unpaid judgments against a dealer or salesperson that has defrauded a purchaser.
 - D. None of the above.

The Motor Vehicle Transaction Recovery Fund was created to assist consumers who have been defrauded by dealers or salespersons and has obtained a court judgment.

22. If a salesperson's license has been revoked as a result of failure to reimburse the Motor Vehicle Transaction Recovery Fund

- A. The salesperson may apply for reinstatement after one year from the date of revocation.
- B. The salesperson must wait five years before applying for reinstatement.
- C. The salesperson must reimburse the fund plus eight percent interest before reapplying for a license.
- D. The salesperson is barred from the retail automobile business for life.

If a salesperson fails to pay back the Motor Vehicle Transaction Recovery Fund, their license will be revoked until he/she pays the Fund in full along with the interest.

23. A temporary certificate of ownership

- A. Is issued when the vehicle title is not available at the time of sale.
- B. Can only be issued for one thirty day period.
- C. Can be issued for a thirty-day period and reissued for an additional thirty-day period after paying all fees to the Department of Motor Vehicles.
- D. A & C of the above.

Dealers may issue up to two sets of temporary license plates if they do not have the title at the time of the sale and if they pay the sales and use tax, title and licensing fees to DMV.

24. Temporary license plates

- A. May be loaned to a customer.
- B. Should be destroyed after expiration or when permanent plates are issued.
- C. Can be used by employees of the dealer on their personal vehicle.
- D. Can be used to dealer exchange a vehicle.

Dealers should dispose of expired temporary license plates or when permanent plates become available.

25. Payments to individuals by a salesperson for procuring a customer for the salesperson

- A. Are limited to one payment per individual per year.
- B. Are allowed under special arrangement with the Motor Vehicle Dealer Board.
- C. Can only be in the form of a gift.
- D. Can result in a fine or suspension of the salesperson's license.

A salesperson's license could be suspended or receive a fine for paying a person to send him/her more customers.

26. Used vehicles in the inventory of a dealer that do not have a Virginia inspection sticker:

- A. Can be driven to an auction or place of sale.
- B. Cannot be operated on the highway except to an inspection station.
- C. Can be operated on the highway provided the driver is a licensed salesperson.
- D. A and B above.

Used vehicles in the inventory of a dealer that do not have a Virginia inspection sticker cannot be operated on the highway except to an inspection station.

27. Applications, taxes and fees collected for the Department of Motor Vehicles on behalf of the buyer must be submitted to that Agency within:
- A. 15 days.
 - B. 30 days.
 - C. 90 days.
 - D. None of the above.

Applications, taxes and fees collected for the Department of Motor Vehicles on behalf of the buyer must be submitted to that Agency within 30 days.

28. If a vehicle is registered in Virginia and the owner does not have liability insurance, the penalty is an uninsured motorist fee of
- A. \$300.
 - B. \$400.
 - C. \$500.
 - D. \$1,000.

The Virginia uninsured motorist fee is \$500.

29. When a thirty-day tag is issued to a customer who does not have insurance and is going to register the vehicle in Virginia, the dealer
- A. Must give the title to the customer.
 - B. Must handle the titling, registering and payment of fees directly with DMV.
 - C. Must collect the uninsured motor vehicle fee.
 - D. B and C above.

When a thirty-day tag is given to a customer who does not have insurance and the customer is going to register the vehicle in Virginia, the dealer is required to collect the uninsured motor vehicle fee and handle the transfer and payment of all fees directly with DMV.

30. Temporary Tags and Temporary Transport Tags can be loaned to another dealer
- A. If DMV is notified.
 - B. If the lending dealer records the transfer on their tag log.
 - C. Only Temporary Transport Tags can be loaned.
 - D. Neither Temporary Tags nor Transport Tags can be loaned.

Neither type of temporary tags can be loaned to another dealer.

CASH REPORTING

1. The IRS definition of "cash" does not include
- A. U.S. currency.
 - B. Foreign currency.
 - C. Personal checks.

D. Bank drafts.

Personal checks are not considered cash by the IRS.

2. The IRS Cash Reporting Rule, enacted to prevent citizens from hiding unreported income, requires dealerships to complete and file IRS form 8300 when cash receipts exceed the following dollar amount

- A. \$ 5,000.
- B. \$ 8,300.
- C. \$10,000.
- D. \$15,000.

A dealer must report cash receipts that exceed \$10,000.

3. Violation of the IRS Cash Reporting Rule can result in which of the following personal penalties to the salespersons

- A. A severe fine.
- B. A criminal felony charge.
- C. Jail time if convicted.
- D. All of the above.

If a salesperson violates the IRS Cash Reporting Rule he/she could receive a fine, be charged with a felony and also go to jail.

4. What does the anti-structuring provision of the IRS Cash Reporting Rule prohibit?

- A. Helping customers get financing.
- B. Advising customers on how to put together the purchase.
- C. Advising customers on how to get around the rule.
- D. Discussing vehicle structure with the customer.

A dealer or salesperson would violate the anti-structuring portion of the IRS Cash Reporting Rule by telling customers how to avoid the rule.

TRUTH IN LENDING

1. In financing a vehicle on an installment sales contract, the APR stands for

- A. Annual periodic rate.
- B. Annual percentage rate.
- C. Actual percentage rate.

The Federal Trade Commission identifies APR as annual percentage rate.

2. Finance charges must be stated in

- A. Simple interest rate.
- B. Compound interest rate.

C. Annual percentage rate.

When stating the finance charges, you must use annual percentage rate.

3. Full disclosure of credit terms must be made

- A. On the buyers order.
- B. Whenever information is discussed.
- C. Before a sale is consummated.

You must make full disclosure of credit terms to a customer before the sale is final.

4. Which of the following is required to be disclosed under Regulation Z (Truth in Lending) of the Consumer Credit Protection Act

- A. Amount financed.
- B. Late fees and APR.
- C. Schedule of payments.
- D. All of the above.

Regulation Z requires you to let your customer know the amount they have financed, if there are any late fees, the APR and the schedule of payments.

5. If a financing company denies a loan application, it must

- A. Provide the applicant with a written statement explaining the reason of denial within 30 days.
- B. Notify the dealership and no one else.
- C. Notify the local credit bureau within 45 days.
- D. Call the applicant and explain why his/her loan was denied.

Customers who are denied financing will be notified by the company, in writing, within 30 days.

6. When can an inquiry be made of a credit-reporting bureau?

- A. When the customer signs a credit application.
- B. While the customer is on a test drive.
- C. Upon securing a copy of the customer's drivers license.
- D. In an attempt to prequalify the customer.

Customers give dealers the authority to check their credit when they sign a credit application.

7. Under the Truth In Lending Act, when financing an automobile, which of the following charges have to be disclosed to the customer

- A. Annual percentage rate.
- B. Cost of credit insurance.
- C. Price of extended warranty.
- D. Cost of dealer preparation.

When a dealer assist a customer with the financing of an automobile, the annual percentage rate must be disclosed.

8. Under the Truth In Lending Act, which of the following will have to be disclosed to the customer
- A. Total number of payments.
 - B. Late payment penalty.
 - C. Annual percentage rate.
 - D. All of the above must be disclosed.

The Truth In Lending Act requires a dealer to provide the customer with the total number of payments, any late payment penalty and the annual percentage rate.

9. When discussing a customer's loan application, which of the following cannot be asked?
- A. "Are you married?"
 - B. "Is this a joint application?"
 - C. "Have you ever filed for bankruptcy?"
 - D. All of the above.

You cannot ask questions such as "Are you married", when discussing the customer's loan application.

BUYERS GUIDE

1. The Federal Trade Commission Used Car Rule which sets out the warranty provisions of a sale is known as
- A. The buyers guide window sticker rule.
 - B. The truth in mileage act.
 - C. The truth in lending act.

The Used Car Rule is also known as the buyers guide window sticker rule.

2. When should the Buyers Guide be placed on a vehicle
- A. As soon as it comes into inventory.
 - B. Before it is offered for sale.
 - C. At time of delivery.

The dealer should have buyers guides in each vehicle before they are offered for sale.

3. A Buyers Guide must be placed on
- A. Demonstrators available for sale.
 - B. Used trucks under 16,000 lbs. GVW.
 - C. Consignment vehicles.
 - D. All of the above.

Dealers who sell demonstrators, used trucks under 16,000 lbs. gross vehicle weight and consignment vehicles must have a buyers guides posted in each vehicle.

4. Where should the Buyers Guide be placed

- A. In the inventory folder.
- B. Must be on a side window.
- C. Attached to the vehicle in a conspicuous place so both sides can be seen.

The buyers guide should be attached to the vehicle in a conspicuous place so that both sides of the document can be seen.

5. What does the Federal Trade Commission Used Car Rule say about Dealers offering vehicles for sale at public auctions

- A. A guide must be on the vehicle if the auction is open to the public.
- B. Auctions are responsible for compliance.
- C. Sales at auctions are exempt.

If a dealer sells his vehicles at a public auction, a buyers guide must be on the vehicle.

6. Under the Federal Trade Commission Used Car Rule, a vehicle can be sold "As Is"

- A. Without placing a Buyers Guide on the vehicle.
- B. And the service contract box on the Buyers Guide checked.
- C. Without giving the customer a copy of the buyers guide.
- D. Without filling out the bank of the guide.

Vehicles may be sold as is and the service contract box on the Buyers Guide checked.

7. What is the penalty for violating the Federal Trade Commission Used Car Rule

- A. Confiscation of the vehicle.
- B. Up to \$11,000 per violation.
- C. Up to 6 months in jail.
- D. B & C of the above.

A violation of the Federal Trade Commission Used Car Rule could result in a fine of up to \$11,000 for each violation. (Before July 1, 2001, the correct answer is "\$10,000 per violation")

8. "Full" and "Limited" are terms given to

- A. Buyers orders.
- B. Installment sales contracts.
- C. Warranties.
- D. Extended service contracts.

The warranty on a vehicle may be full or limited.

9. According to the Federal Trade Commission Used Car Rule, which of the following is considered an unfair and deceptive practice
- A. Making available the terms of any written warranty on a used care before the sale.
 - B. To offer discounts to all potential buyers.
 - C. Representing that a used automobile is sold with a warranty when it is not.
 - D. All of the above.

A dealer may not represent a used vehicle as being sold with a warranty when it is not.

10. As described in the Federal Trade Commission Used Car Rule, dealers must display conspicuously on each used car a
- A. Local sales license.
 - B. Buyers guide.
 - C. Vehicle registration.
 - D. Monroney sticker.

On each used car, a dealer must display conspicuously a buyers guide.

11. According to the Federal Trade Commission Used Car Rule, the Buyer's Guide should be displayed on
- A. Demonstrator or inventory vehicles.
 - B. Consignment vehicles.
 - C. Leased vehicles.
 - D. Both A & B above.

Dealers must display buyers guides on demonstrator, inventory vehicles and consignment vehicles.

12. Which statement is correct
- A. A dealer must make a copy of the written warranty available for the customer to read prior to the sale.
 - B. A dealer can sell a vehicle "As Is" or without a warranty in Virginia.
 - C. Both A & B above are correct.
 - D. Neither A or B above are correct.

The Federal Trade Commission requires Virginia dealers to make a copy of the written warranty available for the customer to read before the sale, and will allow a dealer to sell a vehicle as is or without a warranty.

13. Under the Federal Trade Commission Used Car Rule, the terms of the warranty as stated on the Buyers Guide
- A. Can not be changed.
 - B. Can be changed and noted on the original Guide or on a new Guide.
 - C. Can only be changed before the vehicle is shown.
 - D. Can only be changed from a limited to a full warranty.

The terms of the warranty as outlined on the buyers guide can be changed and noted

on the original guide or on a new guide.

14. When giving a warranty on a **used** vehicle the dealer must:
- A. Give the customer a copy of the Buyers Guide window sticker.
 - B. Give the customer a warranty document containing certain specific phrases.
 - C. Disclose the terms of the warranty on the buyers order.
 - D. A and B above.

When giving a warranty on a used vehicle, the dealer must give the customer a copy of the Buyers Guide window sticker and a warranty document containing certain specific phrases.

MOTOR VEHICLE INFORMATION AND COST SAVING ACT

TRUTH IN MILEAGE ACT

1. An "A" after the odometer reading on a title indicates
- A. Actual miles driven.
 - B. Accumulated miles over and above the odometer reading.
 - C. The odometer has been altered.

The abbreviation of the letter A stands for actual miles driven.

2. The term "mileage" as used in the Truth In Mileage Act means
- A. The actual distance the vehicle has been driven.
 - B. The mechanical odometer reading.
 - C. The same as "odometer reading".

Mileage is defined as the actual distance the vehicle has been driven.

3. An "E" after the odometer reading on a title means
- A. Mileage in excess of the odometers mechanical limits.
 - B. Exempt from reporting.
 - C. Odometer has be exchanged.

Mileage in excess of the odometers mechanical limits can be identified as an E on the title document.

4. Which of the following statements are true regarding the Truth In Mileage Act
- A. The buyer and seller must sign and print their name.
 - B. The customer must receive a copy of the odometer statement.
 - C. An "N" after the odometer reading on the title means the odometer reading is not actual.
 - D. All of the above.

The Truth In Mileage Act requires the buyer and seller to sign and print their names,

each customer must get a copy of the odometer statement and an N after the odometer reading on the title denotes the odometer reading is not actual.

5. In connection with the transfer of ownership of a leased motor vehicle, the Truth In Mileage Act requires the lessor to provide the lessee with a written statement regarding the mileage of the vehicle. Some of the information required in the statement is
- A. The name of the person making the disclosure and the current odometer reading.
 - B. The date of the statement and lessee's and lessor's name and current address.
 - C. the identity of the vehicle including the make, model, year, body type and vehicle identification number.
 - D. All of the above information is required.

In leasing a motor vehicle, a dealer must provide the name of the person making the disclosure and the current odometer reading, give the date of the statement and lessee's and lessor's name and current address, and identify the vehicle by the make, model, year, body type and vehicle identification number.

6. Under Federal law the customer must receive a copy of the odometer disclosure statement. This can be furnished
- A. On an unsecured disclosure that conforms to the law.
 - B. By giving a copy of the secure reassignment and/or power of attorney if the title is not available.
 - C. By giving a copy of the conforming title.
 - D. B & C of the above.

The federal law requires dealer to give their customers a copy of the odometer disclosure statement, this can be accomplished by giving a copy of the secure reassignment and/or power of attorney if the title is not available and by giving a copy of the conforming title.

7. A Power of Attorney (Form VAD-70) is used only when:
- A. A title is lost.
 - B. The title is held by a lien holder.
 - C. A deposit is required on a vehicle to be ordered.
 - D. A and B above.

A Power of Attorney (Form VAD-70) is used only when a title is lost or the title is being held by a lien holder.

8. Section "B" on a Power of Attorney (Form VAD-70) is used:
- A. When there is more than one owner of a vehicle.
 - B. When a vehicle is sold prior to the dealer receiving the title.
 - C. When the titled owner is out of the country.
 - D. To place a second lien on a vehicle.

Section "B" on a Power of Attorney (Form VAD-70) is used when a vehicle is sold prior to the dealer receiving the title.

9. Section "C" on the Power of Attorney (Form VAD-70):
- A. Is only completed if there is an odometer discrepancy.
 - B. Must always be completed by the dealer.
 - C. Is an affirmation, by the dealer, that the information contained on the form is correct to the best of their knowledge.
 - D. B and C above.

Section "C" on the Power of Attorney (Form VAD-70) must always be completed by the dealer and is an affirmation, by the dealer, that the information contained on the form is correct to the best of their knowledge.

PROCESSING FEE

1. The "Processing Fee" is:
- A. Required by law.
 - B. Authorized by the Department of Motor Vehicles.
 - C. Approved by the Attorney General.
 - D. A charge by a dealer for processing a transaction.

Dealer may charge a processing fee for processing a transaction.

2. If a dealer charges a processing fee it:
- A. Must be posted in the public sales area.
 - B. Cannot be more than \$250.
 - C. A and B above.

If a dealer charges a processing fee it must be posted in the public sales area.

3. The dealer processing fee is:
- A. Not subject to a tax.
 - B. Subject to the 3% motor vehicle sales and use tax.
 - C. Subject to the 4.5% motor vehicle sales and use tax.

The dealer processing fee is subject to the 3% motor vehicle sales and use tax.

USE OF DEALER PLATES

1. A salesperson may use a dealer plate if he or she
- A. Works at least 25 hours each week on a regular basis and is compensated for this work.
 - B. Has a written agreement with the dealer to rent the dealer plate.
 - C. Is an independent contractor.
 - D. All of the above.

Dealer may allow the use of their dealer plates if the licensed salesperson works at least 25 hours each week on a regular basis and is paid for this work.

2. Dealer license plates may be
- A. Used on vehicles in the inventory of the dealer.
 - B. Rented to license salespersons on a form prescribed by the Motor Vehicle Dealer Board.
 - C. Used on a dealer's courtesy vehicle.
 - D. All of the above.

A dealer may use dealer plates on vehicles in his inventory.

3. A dealer may allow the prospective purchaser to use the license plates assigned to the dealer for:
- A. 7 days.
 - B. 14 days.
 - C. Up to 5 days, and may be renewed once.

A customer may use dealer plates for up to 5 days, and they may be renewed once.

4. After proper forms are completed, dealer plates may be used on a vehicle in a dealer's inventory
- A. By a prospective purchaser.
 - B. By a customer whose vehicle is in the dealers shop for repairs.
 - C. For an occasional daily rental.
 - D. A & B of the above.

Once the dealer has completed the proper forms, he/she may allow a prospective purchaser to use dealer plates on a vehicle in his inventory and he/she may also allow a customer to use dealer plates on one of his/her vehicles while the customer's vehicle is in his/her shop for repairs.

5. The form granting permission to use dealer plates
- A. May be issued for only one five day period.
 - B. May be issued for a five day period and reissued for one additional five day period.
 - C. May be issued for fifteen days.
 - D. Is only valid for a twenty four hour period.

A dealer must use a form granting permission for a customer to use dealer plates and that form may be issued for the first five days and may be issued again for a second five-day period.

6. When may you use Dealer Plates on consignment vehicles?
- A. If the vehicle is on consignment from another dealer.
 - B. If the vehicle is on consignment from an individual.
 - C. Under no circumstances.

D. A and B above.

Dealer Plates can be used on vehicles on consignment from another dealer.

7. The dealer may authorize a person, other than a full-time employee, to transport a vehicle on a dealer plate to and from a point of sale, an auction, and a repair facility or dealer exchange for a period not to exceed

- A. Five days.
- B. 24 hours.
- C. 12 hours.
- D. 48 hours.

An authorized person, other than a full-time employee of the dealer, may use a dealer plate for no more than 24 hours, to transport a vehicle on a dealer plate to and from a point of sale, an auction, a repair facility or dealer exchange.

GENERAL INFORMATION

1. A vehicle identification number (VIN) is comprised of 17 alpha numeric characters. Which character identifies the model year?

- A. 1st
- B. 5th
- C. 10th
- D. 17th

A code matrix, in conjunction with the 10th character of the alpha numeric VIN, identifies the model year of the vehicle.

2. If a vehicle is to be titled out of state, temporary tags are issued and the purchaser does not have the required liability insurance, the dealer:

- A. Must collect all of the uninsured motorist fee and submit to DMV.
- B. Cannot release the vehicle until insurance is obtained.
- C. Must deliver the vehicle to the purchaser's state of residence.
- D. Must collect 1/12 of the uninsured motorist fee and submit to DMV.

If a vehicle is to be titled out of state, temporary tags are issued and the purchaser does not have the required liability insurance, the dealer must collect 1/12 of the uninsured motorist fee and submit to DMV.

3. On the buyers order, the line item, "Balance Due At Settlement" is used:

- A. Only in a cash transaction.
- B. With both cash and finance transactions.
- C. To show total down payment.
- D. Only when a vehicle is returned by the purchaser and the transaction is "settled".

On the buyers order, the line item, "Balance Due At Settlement" is used with both cash and finance transactions.

4. In general, a completed buyers order is legally binding when:

- A. The customer makes his or her final offer.
- B. A three day cooling off period has expired.
- C. The sales manager has initialed the buyers order.
- D. Both parties agree on a price and sign the buyers order.

In general, a completed buyers order is legally binding when both parties agree on a price and sign the buyers order.

5. In order for a dealer to occasionally rent a vehicle without a rental license

- A. The rental must be for less than five days.
- B. Only a five-day temporary transport tag can be used.
- C. The dealer cannot rent a vehicle without a rental license issued by DMV.
- D. A and B above.

The dealer must apply for and receive a license from DMV before renting any vehicles at any time.

6. A dealer makes a good will substitution for a vehicle previously delivered and titled to a customer. The sales and use tax refund process is

- A. Send a letter to DMV with the proper form completed.
- B. Any additional tax is paid to DMV. If the tax on the replacement is less, the difference is not refundable.
- C. The tax is not refundable.
- D. Tax is refundable only if the substitution is made within 3 days after the original sale.

The sales and use tax is not refundable under a good will substitution or refund.

7. The sales tax on a warranty or service agreement sold to a customer is paid to

- A. DMV.
- B. Motor Vehicle Dealer Board.
- C. The Virginia Department of Taxation.
- D. The warranty company forwards it to the state.

The sales tax on a warranty or service agreement is paid monthly to the Virginia Department of Taxation.

DEALER OPERATOR SECTION

STATE STATUTE

1. The Virginia code defines a dealer, in part, as

- A. One who sells 5 or more vehicles within a 12 month period.
- B. One who is licensed by the Federal Trade Commission.

- C. One who buys, sells, and exchanges vehicles.
- D. A & C of the above.

A dealer can be identified as one who sells five or more vehicles within a 12 month period and also, one who buys, sells, and exchanges vehicles.

2. In order to qualify for licensing, the dealer's established place of business must
- A. Meet all local zoning regulations.
 - B. Have at least 250 square feet of sales and office space devoted exclusively to the dealership.
 - C. Have contiguous space designated for the exclusive use of the dealer adequate to permit the display of at least 10 vehicles.
 - D. All of the above.

The Motor Vehicle Dealer Licensing Laws require a dealer's established place of business to have contiguous space designated for the exclusive use of the dealer adequate to permit the display of at least 10 vehicles; have at least 250 square feet of sales and office space devoted exclusively to the dealership and meet all local zoning regulations.

3. If you intend to change the location of your dealership (move), you must notify the Board:
- A. In writing 30 days in advance.
 - B. In writing 60 days in advance.
 - C. In writing 15 days in advance.
 - D. No notification is required.

If you intend to change the location of your dealership (move), you must notify the Board, in writing, 30 days in advance of moving.

4. Which of the following are required before a change of location (move) can be completed:
- A. Zoning approval.
 - B. Successful inspection by the Board of the new location.
 - C. Payment to the Board of a \$25 transfer fee.
 - D. both A and B.

Zoning approval and a successful inspection by the Board of the new location are required before a change of location (move) can be completed.

5. When an insurance company takes possession of a vehicle as the result of a claim, the insurance company applies for and receives a:
- A. Title in the name of the insurance company.
 - B. salvage certificate or a non-repairable certificate.
 - C. title branded "junk".
 - D. "parts only" title.

When an insurance company takes possession of a vehicle as the result of a claim, the insurance company applies for and receives a salvage or a non-repairable certificate.

6. If a salvage vehicle is rebuilt and the damage is in excess of 75%, but less than 90%, of its pre-damaged retail value, then a:
- A. Title branded "rebuilt" is issued.
 - B. "Non-repairable" certificate is issued.
 - C. Clear title is issued if the damage is less than 90% of its pre-damaged retail value.
 - D. Title branded "salvage" is issued.

If a salvage vehicle is rebuilt and the damage is in excess of 75%, but less than 90%, of its pre-damaged retail value, then a title branded "rebuilt" is issued.

7. Section "A" of a Virginia title is used:
- A. By the titled owner to assign the vehicle to another owner.
 - B. By licensed dealers to apply for a title.
 - C. To record a lien.
 - D. To show joint ownership.

Section "A" of a Virginia title is used by the titled owner to assign the vehicle to another owner.

8. Section "B" on the back of a Virginia title is used:
- A. By a licensed dealer to transfer ownership.
 - B. By the buyer to apply for a new title.
 - C. To record a lien.
 - D. Only by "Dealer Only Auctions".

Section "B" on the back of a Virginia title is used by a licensed dealer to transfer ownership.

9. A dealer is exempt from paying Virginia sales tax on:
- A. Parts and accessories purchased for and installed on a vehicle in inventory.
 - B. Reconditioning supplies, such as soap and tire dressing.
 - C. All forms necessary to close a sale.
 - D. All of the above.

A dealer is exempt from paying Virginia sales tax on parts and accessories purchased for and installed on a vehicle in inventory.

10. The Consumer Protection Act is administered by the:
- A. Motor Vehicle Dealer Board.
 - B. The Department of Motor Vehicles.
 - C. The Department of Agriculture and Consumer Services.
 - D. All of the above.

The Consumer Protection Act is administered by The Department of Agriculture and Consumer Services.

11. Under the Consumer Protection Act, civil penalties may be assessed:
- A. Up to \$5,000, plus attorney fees, for violating an injunction.
 - B. Causing a loss of the dealer's license.
 - C. Causing the dealer's license to be revoked for one year.
 - D. All of the above.

Under the Consumer Protection Act, civil penalties may be assessed up to \$5,000, plus attorney fees, for violating an injunction.

12. The Manufacturers Warranty Adjustment Act deals with:
- A. The conditions set forth in a manufacturer's warranty.
 - B. Policy adjustments outside of the manufacturer's warranty.
 - C. Sets labor rates for warranty work.
 - D. A and B above.

The Manufacturers Warranty Adjustment Act deals with policy adjustments outside of the manufacturer's warranty.

13. On extended service contracts, for both parts and labor, the dealer must collect:
- A. 4.5% sales tax on the retail cost of the contract.
 - B. 4.5% sales tax of the dealer's cost of the contract.
 - C. 4.5% on one half of the retail cost of the contract.
 - D. No sales tax is required.

On extended service contracts, for both parts and labor, the dealer must collect 4.5% on one half of the retail cost of the contract.

14. The entity which usually has the primary responsibility for payment of damages in the event of a "Lemon Law" violation is the:
- A. Transaction Recovery Fund.
 - B. Dealership.
 - C. Manufacturer.
 - D. Dealer's Insurance Company.

The entity, which usually has the primary responsibility for payment of damages in the event of a "Lemon Law" violation, is the manufacturer.

15. How many days does a lien holder have to surrender a title to the person legally entitled to it after the lien has been satisfied?
- A. 5 days.
 - B. 10 days.
 - C. 30 days.
 - D. 60 days.

A lien holder has 10 days to surrender a title to the person legally entitled to it after the lien has been satisfied.

16. Application for renewal of licenses received by the Board within 30 days after the license expiration date
- A. Will be considered as a new or "original" application.
 - B. Will be processed, however a "warning letter" will be issued.
 - C. Will be renewed at a fee equal to 150% of the "on-time" fee.
 - D. Will be renewed at double the "on-time" fee.

Renewal applications received within 30 days after expiration will be assessed a fee equal to 150% of the "on-time" fee.

17. Application for renewal of licenses received by the Board or postmarked more than 30 days after the license expiration date
- A. Will be considered as a new or "original" application.
 - B. Will be processed, however a "warning letter" will be issued.
 - C. Will be renewed at a fee equal to 150% of the "on-time" fee.
 - D. Will be renewed at double the "on-time" fee.

Renewal applications received or postmarked more than 30 days after expiration will be considered as a new or "original" application.

18. The maximum an individual motor vehicle purchaser or lessee may recover from the Motor Vehicle Transaction Recovery fund
- A. \$10,000.
 - B. \$20,000.
 - C. \$30,000.
 - D. \$40,000.

As of July 1, 2001, the maximum payment, which can be made from the Fund, is \$20,000 for a single transaction. (Prior to July 1, 2001, the maximum was/is \$15,000)

19. The total of all claims paid by the Motor Vehicle Transaction Recovery Fund resulting from fraudulent actions by an individual dealer is
- A. \$50,000.
 - B. \$100,000.
 - C. \$150,000.
 - D. Unlimited.

As of July 1, 2001, the Fund may pay a total of \$100,000 in claims as a result of judgement of fraud against an individual dealer. (Prior to July 1, 2001, the maximum was/is \$75,000)

20. Virginia Statute calls for the maximum late charge under an installment sales contract to be assessed at
- A. 10% of the payment after the tenth day from the date the payment was due.
 - B. 5% of the payment after the seventh day from the date the payment was due.

- C. The amount and time stated in the contract.
- D. Virginia law does not address the question.

A late charge of 5% may be assessed, under an installment sale, after the seventh day from the date the payment was due.

21. Before a purchaser anticipating a claim against the Recovery Fund, seeks a judgment for fraud against a Virginia dealer, the customer
- A. Notifies the MVDB.
 - B. Requests the Court clerk notify the MVDB.
 - C. Lists the Board as a co-respondent on the filing.
 - D. Notifies the dealer by certified mail.

If a purchaser anticipates making a claim against the Recovery Fund, he or she must notify the Board before filing against a Virginia Dealer.

DEALER OPERATOR SECTION

TRUTH IN MILEAGE

1. Odometer disclosure statements, copies of front and back of titles and reassignments and all paperwork resulting from a sale, must be kept for:
- A. 7 years.
 - B. 5 years.
 - C. 2 years.
 - D. 6 months.

Odometer disclosure statements, copies of front and back of titles, and reassignments and all paperwork resulting from a sale, must be kept for a period of 5 years.

DEALER OPERATOR SECTION

GENERAL INFORMATION

1. Reference to the Federal Trade Commission Buyers Guide must be included on the
- A. Title.
 - B. Reassignment.
 - C. Buyers Order.

The Federal Trade Commission requires that a reference be made on the buyers order.

2. Prior to purchasing a vehicle without a Virginia inspection sticker from an auction, the vehicle may be test driven:
- A. Only on the auction property.
 - B. Within a 5 mile radius of the auction.

- C. Only within sight of the auction.
- D. Within a 10 mile radius of the auction.

Prior to purchasing a vehicle without a Virginia inspection sticker from an auction, the vehicle may be test driven within a 5 mile radius of the auction.

3. Vehicles purchased at auction may be driven on the highway without a Virginia inspection sticker:
- A. Between the auction and the purchaser's place of business.
 - B. Only to the nearest state inspection station.
 - C. If the vehicle has an out-of-state inspection sticker.
 - D. Only between the hours of 6 p.m. and 6 a.m.

Vehicles purchased at auction may be driven on the highway without a Virginia inspection sticker between the auction and the purchaser's place of business.

4. If an extended service agreement contract is written between the dealer and its customer, with the provider as the administrator, and the provider goes out of business, the responsible party for repairs under the contract is the:
- A. Customer.
 - B. Dealer.
 - C. Commonwealth of Virginia.
 - D. Manufacturer.

If an extended service agreement contract is written between the dealer and its customer, with the provider as the administrator, and the provider goes out of business, the responsible party for repairs under the contract is the dealer.

5. If a customer declares bankruptcy within 90 days of the date of a sale of a vehicle, the lender who holds a security interest in the vehicle may become an unsecured creditor if the lien was not recorded within:
- A. 10 days.
 - B. 20 days.
 - C. 30 days.

If a customer declares bankruptcy within 90 days of the date of a sale of a vehicle, the lender who holds a security interest in the vehicle may become an unsecured creditor if the lien was not recorded within 30 days.

DEALER OPERATOR SECTION

ADVERTISING

1. When used in advertising, what terms, under the Truth in Lending Act, "trigger" full disclosure
- A. The amount or percentage of any down payment.
 - B. The number or period of payments.
 - C. The amount of any payment and finance charge.

D. All of the above.

The Truth In Lending Act contains terms, which trigger full disclosure. They are the amount or percentage of any down payment, the number or period of payments and the amount of any payment and finance charge.

2. An advertisement of a "Sale" must include the sale end date only when:

- A. It must always be stated.
- B. The "sale" will last less than 30 days.
- C. The "sale" will last more than 30 days.
- D. It is a sale of "new" vehicles.

When advertising a "Sale", the sale end date must always be stated in advertisement.

3. A security interest shown on a certificate of title has priority over all other liens except for:

- A. Garage Keepers and mechanics liens.
- B. Liens for taxes due.
- C. Judgments obtained by unsecured creditors.
- D. A and B above.

A security interest shown on a certificate of title has priority over all other liens except for garage keepers, mechanics liens and liens for taxes due .

4. When advertising a used vehicle, the fact that it is "used" must be clearly stated. Which of the following terms cannot be used **without also declaring they are used?**

- A. Special purchase.
- B. Program car.
- C. Demonstrator or former lease or rental.
- D. A and B above.

The terms "Special Purchase" and "Program Car" cannot be used alone when advertising a used vehicle, the fact that it is "used" must be clearly stated in the advertisement.

5. Which of the following statements can be used when advertising a vehicle?

- A. "At Cost".
- B. "Below Cost" or "\$ off Cost".
- C. "Invoice" or "\$ Over Invoice" if the invoice is the document supplied by the manufacturer or distributor.
- D. None of the above.

If the invoice is the document supplied by the manufacturer or distributor, "Invoice" or \$ Over Invoice" can be used when advertising a vehicle.

6. If a finance payment is stated in an advertisement, then the required disclosures are:

- A. Amount of down payment.

- B. Number and frequency of the payments.
- C. Annual Percentage Rate (APR).
- D. All of the above.

When advertising a finance payment, the required disclosures are the amount of down payment, number and frequency of the payments and the Annual Percentage Rate (APR).

7. In a classified advertisement, placed by a dealer, the advertisement:
- A. Must give the dealer's name or "VADLR" must be used.
 - B. The vehicle price must be stated.
 - C. The dealer's hours of operation must be stated.
 - D. A and B above.

In a classified advertisement, placed by a dealer, the advertisement must give the dealer's name or "VADLR" must be used.

USE OF DEALER PLATES

1. A dealer is not required to purchase dealer license plates. However, if the dealer chooses to use such plates, the following apply
- A. The number of plates available for a dealer to purchase is determined by total sales, with up to 4 plates per licensed salesperson.
 - B. An unlimited number of plates may be obtained by using the Application for Dealer License Plates.
 - C. Dealers selling fewer than 25 vehicles per year are allowed no more than 2 dealer plates.
 - D. A & C of the above.

If a dealer uses dealer plates, the number of plates available for purchase is determined by the total sales, with up to 4 plates per licensed salesperson. Also, if a dealer sells less than 25 vehicles per year he/she is only allowed 2 dealer plates.

2. What is the process for replacing a lost or stolen dealer license plate?
- A. Notify the local police department.
 - B. Request a replacement from the MVDB.
 - C. Notify the local DMV office where you can also request a replacement.
 - D. A and B above.

If a dealer tag is lost or stolen, the dealer must notify local law enforcement and if a replacement is needed, contact the MVDB office.